

Economic Impact Statement

LSA Document #10-793

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

IC 4-22-2.1-5(a) provides that an agency that intends to adopt a rule under IC 4-22-2 that will impose requirements or costs on small businesses must prepare a statement that describes the annual economic impact of the rule on small businesses after the rule is fully implemented as described in IC 4-22-2.1-5(b).

LSA Document #10-793 amends 405 IAC 1-11.5-2 by reducing Medicaid reimbursement for chiropractors (provider type 5, specialty 150) and podiatrists (provider type 14, specialty 140) by five percent and continues the current five percent reduction for dental services that are billed using current dental terminology (CDT) codes, all of which will expire on June 30, 2013.

Economic Impact on Small Businesses**1. An estimate of the number of small businesses, classified by industry sector that will be subject to the proposed rule.**

IC 5-28-2-6 defines a small business as a business entity that satisfies the following requirements:

- (1) On at least fifty percent (50%) of the working days of the business entity occurring during the preceding calendar year, the business entity employed not more than one hundred fifty (150) employees.
- (2) The majority of the employees of the business entity work in Indiana.

For SFY 2010, there were 703 chiropractors, 246 podiatrists, and 1,253 dental providers enrolled in the Indiana Health Coverage Program. The OMPP estimates that the majority of chiropractic, podiatric, and dental providers meet the criteria of IC 4-22-2.1-4 as a small business.

2. An estimate of the average annual reporting, record keeping, and other administrative costs that small business will incur to comply with the proposed rule.

For purposes of the small business impact analysis requirements addressed in IC 4-22-2.1, the FSSA/OMPP consulted with the Indiana Economic Development Corporation (IEDC). Following such consultations and concurrence by IEDC, for purposes of these statutory requirements, the FSSA/OMPP applies generally accepted accounting definitions to the terms "costs" and "revenues". These concepts have definitions that are generally accepted in the accounting profession. A well-known professional accounting publication¹ defines "costs" as "sacrifice, measured by the price paid, to acquire, produce, or maintain goods or services;" and "revenues" as "gross income generated by selling goods (sales) or by performing services (professional fees, commission income)". The proposed rule will result in a reduction in revenues for providers; however, based on these generally accepted accounting definitions, the reduction in revenues under the proposed rule does not equate to the imposition of additional costs on small businesses. The proposed rule will not impose any additional annual reporting, record keeping, or other administrative costs on small businesses in order to comply with the proposed rule.

3. An estimate of the total annual economic impact that compliance will have on small businesses subject to the rule.

There is no economic impact that compliance will have on a small business subject to this rule, since no small businesses will incur any additional cost to comply with this rule. Please refer to the information regarding costs and revenues outlined in item #2 above.

4. A statement justifying any requirement or cost that is imposed by the rule and not expressly required by law. The statement must reference any data, studies, or analyses relied upon by the agency in determining imposition of the requirement or cost is necessary.

This rule imposes no requirement or cost on small businesses.

5. Any regulatory flexibility analysis that considers any less intrusive or less costly alternative methods of achieving the same purpose.

Other factors considered:

A. Establishment of less stringent compliance or reporting requirements for small businesses.

The rule has no impact on reporting requirements for small businesses.

B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

The rule has no impact on schedules or deadlines for compliance or reporting requirements for small businesses.

C. Consolidation or simplification of compliance or reporting requirements for small businesses.

The rule has no impact on compliance or reporting requirements for small businesses.

D. Establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.

The rule has no impact on performance or operational standards for small businesses.

E. Exemption of small businesses from part or all of the requirements or costs imposed by the rule.

The rule imposes no additional requirements or cost on small businesses.

[†] Siegel, Joel G., Ph.D. and Jae K. Shim, Ph.D. Barron's Accounting Handbook. 4th ed. New York: Barron's Educational Services, 2006.

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